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UNITED STATES DEPARTMENT OF JUSTICE
OFFICE OF THE UNITED STATES TRUSTEE
CENTRAL DISTRICT OF CALIFORNIA

In Re: Scoobur, LLC Debtor(s)	CHAPTER 11 (BUSINESS)	2:19-BK-14989-WB
	Case Number:	jointly administered with 2:19-BK-14997-WB; 2:19-BK-14991-WB
	Operating Report Number:	4
	For the Month Ending:	8/1/2019 to 8/31/2019

I. CASH RECEIPTS AND DISBURSEMENTS
A. (GENERAL ACCOUNT*)

1. TOTAL RECEIPTS PER ALL PRIOR GENERAL ACCOUNT REPORTS		1,369
2. LESS: TOTAL DISBURSEMENTS PER ALL PRIOR GENERAL ACCOUNT REPORTS		1,344
3. BEGINNING BALANCE:		25
4. RECEIPTS DURING CURRENT PERIOD:		
Accounts Receivable - Post-filing		
Accounts Receivable - Pre-filing		
General Sales		
Other (Specify)		
**Other (Specify)		
TOTAL RECEIPTS THIS PERIOD:		0
5. BALANCE:		25
6. LESS: TOTAL DISBURSEMENTS DURING CURRENT PERIOD		
Transfers to Other DIP Accounts (from page 2)		
Disbursements (from page 2)		14
TOTAL DISBURSEMENTS THIS PERIOD:***		14
7. ENDING BALANCE:		11
8. General Account Number(s):	*****3755	
Depository Name & Location:	DIP Operating Wells Fargo 3200 Foothill, Blvd. La Crescenta, CA 91214	

* All receipts must be deposited into the general account.

** Include receipts from the sale of any real or personal property out of the ordinary course of business; attach an exhibit specifying what was sold, to whom, terms, and date of Court Order or Report of Sale.

***This amount should be the same as the total from page 2.

TOTAL DISBURSEMENTS FROM GENERAL ACCOUNT FOR CURRENT PERIOD

Date mm/dd/yyyy	Check Number	Payee or DIP account	Purpose	*Amount Transferred	**Amount Disbursed	Amount
08/30/2019	Deduction	Wells Fargo Bank	Monthly Service Fee		14	14
TOTAL DISBURSEMENTS THIS PERIOD:						14

* Fill in amounts in this column if they are TRANSFERS to another DIP account (e.g. Payroll or Tax); the "amount" column will be filled in for you.

** Fill in amounts in this column if they are DISBURSEMENTS to outside payees; the "amount" column will be filled in for you.

GENERAL ACCOUNT

BANK RECONCILIATION

Bank statement Date: 8/31/2019 Balance on Statement: \$11

Plus deposits in transit (a):

<u>Deposit Date</u>	<u>Deposit Amount</u>
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TOTAL DEPOSITS IN TRANSIT		\$0
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Less Outstanding Checks (a):

<u>Check Number</u>	<u>Check Date</u>	<u>Check Amount</u>
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TOTAL OUTSTANDING CHECKS:		\$0
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Bank statement Adjustments:

\$0

Explanation of Adjustments-

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ADJUSTED BANK BALANCE:		\$11
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* It is acceptable to replace this form with a similar form

** Please attach a detailed explanation of any bank statement adjustment

I. CASH RECEIPTS AND DISBURSEMENTS

B. (PAYROLL ACCOUNT)

1. TOTAL RECEIPTS PER ALL PRIOR PAYROLL ACCOUNT REPORTS

2. LESS: TOTAL DISBURSEMENTS PER ALL PRIOR PAYROLL
ACCOUNT REPORTS

3. BEGINNING BALANCE:

4. RECEIPTS DURING CURRENT PERIOD:
(Transfer from General Account)

5. BALANCE:

6. LESS: TOTAL DISBURSEMENTS DURING CURRENT PERIOD
TOTAL DISBURSEMENTS THIS PERIOD:***

7. ENDING BALANCE:

8. PAYROLL Account Number(s):

Depository Name & Location:

TOTAL DISBURSEMENTS FROM PAYROLL ACCOUNT FOR CURRENT PERIOD

Date mm/dd/yyyy	Check Number	Payee	Purpose	Amount
TOTAL DISBURSEMENTS THIS PERIOD:				

PAYROLL ACCOUNT

BANK RECONCILIATION

Bank statement Date: 8/31/2019 Balance on Statement: _____

Plus deposits in transit (a):

<u>Deposit Date</u>	<u>Deposit Amount</u>
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_____	_____
_____	_____
_____	_____

TOTAL DEPOSITS IN TRANSIT

Less Outstanding Checks (a):

<u>Check Number</u>	<u>Check Date</u>	<u>Check Amount</u>
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_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

TOTAL OUTSTANDING CHECKS:

Bank statement Adjustments:

Explanation of Adjustments-

ADJUSTED BANK BALANCE:

* It is acceptable to replace this form with a similar form

** Please attach a detailed explanation of any bank statement adjustment

I. CASH RECEIPTS AND DISBURSEMENTS

C. (TAX ACCOUNT)

1. TOTAL RECEIPTS PER ALL PRIOR TAX ACCOUNT REPORTS

2. LESS: TOTAL DISBURSEMENTS PER ALL PRIOR TAX
ACCOUNT REPORTS

3. BEGINNING BALANCE:

4. RECEIPTS DURING CURRENT PERIOD:
(Transfer from General Account)

5. BALANCE:

6. LESS: TOTAL DISBURSEMENTS DURING CURRENT PERIOD
TOTAL DISBURSEMENTS THIS PERIOD:***

7. ENDING BALANCE:

8. TAX Account Number(s):

Depository Name & Location:

TOTAL DISBURSEMENTS FROM TAX ACCOUNT FOR CURRENT PERIOD

Date mm/dd/yyyy	Check Number	Payee	Purpose	Amount
TOTAL DISBURSEMENTS THIS PERIOD:				

TAX ACCOUNT

BANK RECONCILIATION

Bank statement Date: 8/31/2019

Balance on Statement: _____

Plus deposits in transit (a):

Deposit DateDeposit Amount

_____	_____
_____	_____
_____	_____

TOTAL DEPOSITS IN TRANSIT

Less Outstanding Checks (a):

Check NumberCheck DateCheck Amount

_____	_____	_____
_____	_____	_____
_____	_____	_____

TOTAL OUTSTANDING CHECKS:

Bank statement Adjustments:

Explanation of Adjustments-

ADJUSTED BANK BALANCE:

* It is acceptable to replace this form with a similar form

** Please attach a detailed explanation of any bank statement adjustment

I. D SUMMARY SCHEDULE OF CASH

ENDING BALANCES FOR THE PERIOD:

(Provide a copy of monthly account statements for each of the below)

General Account:	11
Payroll Account:	0
Tax Account:	0

*Other Accounts:		

*Other Monies:		

**Petty Cash (from below):

TOTAL CASH AVAILABLE:

11

Petty Cash Transactions:

Date	Purpose	Amount

TOTAL PETTY CASH TRANSACTIONS:

* Specify the Type of holding (e.g. CD, Savings Account, Investment Security), and the depository name, location & account#

** Attach Exhibit Itemizing all petty cash transactions

II. STATUS OF PAYMENTS TO SECURED CREDITORS, LESSORS

AND OTHER PARTIES TO EXECUTORY CONTRACTS

Creditor, Lessor, Etc.	Frequency of Payments (Mo/Qtr)	Amount of Payment	Post-Petition payments not made (Number)	Total Due
TOTAL DUE:				

III. TAX LIABILITIES

FOR THE REPORTING PERIOD:

Gross Sales Subject to Sales Tax: _____

Total Wages Paid: _____

	Total Post-Petition Amounts Owed	Amount Delinquent	Date Delinquent Amount Due
Federal Withholding			
State Withholding			
FICA- Employer's Share			
FICA- Employee's Share			
Federal Unemployment			
Sales and Use			
Real Property			
Other: _____			
TOTAL:			

IV. AGING OF ACCOUNTS PAYABLE AND RECEIVABLE

	*Accounts Payable Post-Petition	Accounts Receivable	
		Pre-Petition	Post-Petition
30 days or less			
31 - 60 days			
61 - 90 days			
91 - 120 days			
Over 120 days			
TOTAL:			

V. INSURANCE COVERAGE

Type	Name of Carrier	Amount of Coverage	Policy Expiration Date	Premium Paid Through (Date)
Others:				

VI. UNITED STATES TRUSTEE QUARTERLY FEES
(TOTAL PAYMENTS)

Quarterly Period Ending (Date)	Total Disbursements	Quarterly Fees	Date Paid	Amount Paid	Quarterly Fees Still Owing
		0		0	0

* Post-Petition Accounts Payable SHOULD NOT include professionals' fees and expenses which have been incurred but not yet awarded by the court. Post-Petition Accounts Payable SHOULD include professionals' fees and expenses authorized by Court Order but which remain unpaid as of the close of the period report

VII SCHEDULE OF COMPENSATION PAID TO INSIDERS

Name of Insider	Date of Order Authorizing Compensation	*Authorized Gross Compensation	Gross Compensation Paid During the Month

VIII. SCHEDULE OF OTHER AMOUNTS PAID TO INSIDERS

Name of Insider	Date of Order Authorizing Compensation	Description	Amount Paid During the Month

* Please indicate how compensation was identified in the order (e.g. \$1,000/week, \$2,500/month)

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IX. PROFIT AND LOSS STATEMENT

(ACCRUAL BASIS ONLY)

	Current Month	Cumulative Post-Petition
Sales/Revenue:		
Gross Sales/Revenue		
Less: Returns/Discounts		
Net Sales/Revenue		
Cost of Goods Sold:		
Beginning Inventory at cost		
Purchases		
Less: Ending Inventory at cost		
Cost of Goods Sold (COGS)		
Gross Profit		
Other Operating Income (Itemize)		
Operating Expenses:		
Payroll - Insiders		
Payroll - Other Employees		
Payroll Taxes		
Other Taxes (Itemize)		
Depreciation and Amortization		
Rent Expense - Real Property		
Lease Expense - Personal Property		
Insurance		
Real Property Taxes		
Telephone and Utilities		
Repairs and Maintenance		
Travel and Entertainment (Itemize)		
Miscellaneous Operating Expenses (Itemize) (1)	14.00	14.00
Total Operating Expenses		
Net Gain/(Loss) from Operations	(14.00)	(14.00)
Non-Operating Income:		
Interest Income		
Net Gain on Sale of Assets (Itemize)		
Other (Itemize)		
Total Non-Operating Income		
Non-Operating Expenses:		
Interest Expense		
Legal and Professional (Itemize)		
Other (Itemize)		
Total Non-Operating Expenses		
NET INCOME/(LOSS)	(14.00)	(14.00)

(Attach exhibit listing all itemizations required above)

(1) Bank fee of \$14.

X. BALANCE SHEET
(ACCRUAL BASIS ONLY)

ASSETS	Current Month End	
Current Assets:		
Unrestricted Cash	11	
Restricted Cash	0	
Accounts Receivable	0	
Inventory	0	
Notes Receivable	0	
Prepaid Expenses	0	
Other (Itemize)	0	
Total Current Assets		11
Property, Plant, and Equipment		
Accumulated Depreciation/Depletion		
Net Property, Plant, and Equipment		
Other Assets (Net of Amortization):		
Due from Insiders		
Other (Itemize)	89,000 (1)	
Total Other Assets		89,000
TOTAL ASSETS		89,011
LIABILITIES		
Post-petition Liabilities:		
Accounts Payable		
Taxes Payable		
Notes Payable		
Professional fees		
Secured Debt		
Other (Itemize)	25 (2)	
Total Post-petition Liabilities		25
Pre-petition Liabilities:		
Secured Liabilities		
Priority Liabilities		
Secured Liabilities		
Other (Itemize)		
Total Pre-petition Liabilities		0
TOTAL LIABILITIES		25
EQUITY:		
Pre-petition Owners' Equity	89,000	
Post-petition Profit/(Loss)	(14)	
Direct Charges to Equity	0	
TOTAL EQUITY		88,986
TOTAL LIABILITIES & EQUITY		89,011

(1) Relates to the Scoobeez.com, trademark and various related marks.

(2) \$25 is due to George Voskanian on account of an advance made to open up the Debtor's DIP Account.

XI. QUESTIONNAIRE

1. Has the debtor-in-possession made any payments on its pre-petition unsecured debt, except as have been authorized by the court? If "Yes", explain below: No Yes
X

2. Has the debtor-in-possession during this reporting period provided compensation or remuneration to any officers, directors, principals, or other insiders without appropriate authorization? If "Yes", explain below: No Yes
X

3. State what progress was made during the reporting period toward filing a plan of reorganization
On or about August 1, 2019, the Debtors filed a Motion For Entry of an Order Extending the Deadline Pursuant to Section 365(d)(4) of the Bankruptcy Code to Assume or Reject Unexpired Leases of Nonresidential Real Property (the "Lease Extension Motion") and a Motion to Extend the Exclusivity Period for Filing a Chapter 11 Plan and Disclosure Statement (the "Exclusivity Motion"). On or about August 2, 2019, the Court granted the Debtors' Motion to Set Bar Date to File Proofs of Claim, and the related Notice of Bar Date for Filing Proofs of Claim [and Interest] was filed and served on all requisite parties-in-interest on or about August 6, 2019. On August 7, 2019 and August 8, 2019, the Court entered orders continuing the hearings on the motions for relief from stay filed by Arturo Vega and Unta Key and Roy Castellanos (the "Castellanos RFS Motion"), respectively, to September 10, 2019 at 10:00 a.m. On August 14, 2019 and August 21, 2019, the Official Committee of Unsecured Creditors (the "Committee") filed a Stipulation [between the Committee and Hillair Capital Management, LLC ("Hillair")] Further Extending Deadline for Official Committee of Unsecured Creditors to Challenge Claim and Lien of Hillair Capital Management, LLC, the former of which was approved by order of the Court entered on August 15, 2019. On or about August 21, 2019, the Debtors filed a stipulation resolving the (limited) objection(s) to the Exclusivity Motion. On or about August 26, 2019, the Court entered an order granting the relief sought by and through the Lease Extension Motion. On or about August 29, 2019, the Debtors filed a stipulation between the Debtor(s) and Ray Castellanos that resolved the Castellanos RFS Motion.

On or about August 29, 2019, the Debtors filed a Notice of Motion and Motion for Entry of an Order (i) Approving Bidding Procedures for Sale of Assets; (ii) Approving the Expense Reimbursement; (iii) Approving the Process for Notifying Non-Debtor Contract Counterparties of Assumption and Assignment of Contracts; and (iv) Granting Related Relief, in which the Debtors sought, amongst other things, entry of an order approving Hillair as the stalking horse bidder (the "Bid Procedures Motion"). The hearing on the Bid Procedures Motion was set for September 5, 2019 at 10:00 a.m. Throughout the month of August, Armory Securities (the Debtors' investment banker) continued to work closely with the Debtors to market the business(es) in search of (a) qualified bidder(s) and/or (a) recapitalization partner(s).

4. Describe potential future developments which may have a significant impact on the case:
See answer to question #3. Armory will continue to explore a sale of the assets and a recapitalization of the business in order to determine which exit strategy is most value maximizing to the Debtors.

5. Attach copies of all Orders granting relief from the automatic stay that were entered during the reporting period.

6. Did you receive any exempt income this month, which is not set forth in the operating report? If "Yes", please set forth the amounts and sources of the income below. No Yes
X

/s/ George Voskanian

I, George Voskanian, CFO/Co-CEO
declare under penalty of perjury that I have fully read and understood the foregoing debtor-in-possession operating report and that the information contained herein is true and complete to the best of my knowledge.